

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 ONY-00 /011 W

-----057321 261530Z /64 R

R 261130Z APR 78

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 9091

UNCLAS MONROVIA 3048

E.O. 11652: N/A

TAGS: ETRD, BEXP, LI

SUBJECT: INTERAGENCY TASK FORCE TO DEVELOP A NATIONAL EXPORT POLICY

REFS: (A) STATE 95673 (B) STATE 99793

FOLLOWING ARE SEVERAL FACTORS INFLUENCING U.S. EXPORT GROWTH  
TO LIBERIA WHICH SHOULD BE OF INTEREST TO INTERAGENCY TASK FORCE:

1. THOUGH REGULARITY OF SHIPPING BETWEEN U.S. AND LIBERIA IS  
REASONABLY GOOD, FREIGHT CHARGES FOR GOODS ABOARD AMERICAN WEST  
AFRICAN FREIGHT CONFERENCE VESSELS ARE VERY HIGH RELATIVE TO  
NON-CONFERENCE CHARGES. SINCE IMPORTS ARE DUTIED ON CIF (COST,  
INSURANCE AND FREIGHT) VALUES, IMPORTERS USING CONFERENCE SHIPPING  
MUST ALSO PAY, IN EFFECT, A "PREMIUM" IMPORT DUTY RESULTING FROM  
THE HIGHER FREIGHT FACTOR. AS IMPORTERS TURN TO NON-CONFERENCE  
SHIPPING TO KEEP LANDED COSTS COMPETITIVE, FREQUENCY AND CHOICES  
OF SERVICE BECOME PROGRESSIVELY MORE LIMITED. CUMMULATIVE EFFECT  
IS EXTREMELY UNFAVORABLE TO AMERICAN EXPORTERS WHO MUST THEN  
COMPETE ON BASIS OTHER THAN PRICE, I.E. FIANCING, PRODUCT  
QUALITY, SERVICE SUPPORT, ETC. WHICH MAY NOT BE AS EFFECTIVE IN  
SMALL, UNSOPHISTICATED MARKET.

2. LIBERIA, WHICH USES THE DEPRECIATED U.S. DOLLAR AS ITS  
CURRENCY, FINDS IMPORT COSTS FROM NON-U.S. SUPPLIERS RISING  
RAPIDLY DUE TO EXCHANGE RATE CHANGES. THOUGH IMPORTERS ARE OFTEN  
RELUCTANT TO UPSET ESTABLISHED TRADE RELATIONSHIPS, U.S. EXPORTERS  
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SHOULD TAKE ADVANTAGE OF THE CURRENT INCLINATION OF LOCAL IM-  
PORTERS TO COMPARE U.S. PRICES WITH THOSE OF OTHER SUPPLIERS.  
LIBERIAN IMPORTERS ARE IN A SHOPPING MODD.

3. IN SMALL MARKETS LIKE LIBERIA, IMPORTERS TEND TO HANDLE A  
VARIETY OF PRODUCT LINES IN ORDER TO SURVIVE. THIS TRANSLATES  
INTO LOTS OF RELATIVELY SMALL ORDERS, HIGHER INSURANCE, SHIPPING

AND FINANCING COSTS, AND EXPENSIVE ADMINISTRATIVE HEADACHES. THIS SHOULD BE RECOGNIZED AS AN OPPORTUNITY FOR U.S. EXPORT SERVICE COMPANIES WHO PERFORM CONSOLIDATED PURCHASING, SHIPPING AND SHORT-TERM FINANCING SERVICES FOR COMPANIES OVERSEAS. THIS POST HAS SUBMITTED MANY TRADE LEADS WHICH SPECIFICALLY MENTIONED THE DESIRABILITY OF CENTRAL PURCHASING AND SHIPPING. THERE ARE MANY MARKETS IN THIS GEOGRAPHIC AREA WITH SIMILAR NEEDS, YET FEW U.S.-BASED EXPORT MANAGEMENT COMPANIES AND CONFIRMING HOUSES HAVE REPRESENTATIVES WHO CALL IN LIBERIA.

4. GENERAL TRADE FAIRS OFFER EXCELLENT MEANS TO TEST MARKET REACTION TO A VARIETY OF PRODUCTS. GENERALLY, MARKETS IN AFRICA ARE TOO SMALL TO SUPPORT MORE SPECIALIZED TRADE EVENTS. U.S. ENDORSEMENT OF SELECTED REGIONAL TRADE FAIRS IN AFRICA, WITH ACTIVE EMBASSY SUPPORT, COULD PROVE PRODUCTIVE IN BOTH SHORT AND LONG-TERM. EARLY INFORMATION ON FIRMS COMMITTED TO PARTICIPATE, BRIEF BACKGROUND, TYPES OF PRODUCTS, TYPE OF OVERSEAS RELATIONSHIP SOUGHT, ETC. WOULD BE NEEDED BY POSTS TO EFFECTIVELY PROMOTE ATTENDANCE. PERHAPS IT IS AN IDEA COMMERCE'S FOREIGN BUYER PROGRAM MIGHT WISH TO EXAMINE?

5. IT HAS BEEN SAID BEFORE, BUT IS BEARS REPEATING -- MANY U.S. FIRMS WHO SEEK BUSINESS OVERSEAS ARE NOT EXPORT AWARE, NOR DO THEY HAVE A GENUINE COMMITMENT TO THE TASK. EXPORTING IS RARELY "TAUGHT" IN THE U.S., BUT APPEARS TO BE A SUBJECT THAT IS GRADUALLY AND GRUDGINGLY ABSORBED IN ONE'S LATER YEARS. A BASIC UNDERSTANDING

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OF THE WORLD'S ECONOMIC INTERDEPENDENCE IS SOMETHING THAT SHOULD BE APPRECIATED AT AN EARLY AGE. AS A LONG-TERM GOAL, A BASIC EDUCATION ON THE SUBJECT WOULD DO MUCH TO REMOVE THE STIGMA WHICH SEEMS TO BE ATTACHED TO EXPORTING.

CARTER

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, EXPORTS, INTERAGENCY COOPERATION  
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**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition Event:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014